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SUBJECT: ASSISTANCE COORDINATION: A GOI INSIDER PERSPECTIVE

REF: 08KUWAIT 000841

This cable is sensitive but unclassified; please protect accordingly.

¶1. (SBU) Summary: Huda Malik, Director General of the International Cooperation Directorate, Ministry of Planning and Development Cooperation (MoPDC), told Econoff that she is crafting a plan to move donor assistance coordination responsibility out of the Ministry and under a higher-level coordinating body. She expressed frustration at the lack of information about donor projects, noting that the USG has provided the most aid but the least information, and hopes to improve coordination with USAID in the future. Malik recommended that the donor community "stop building things" and start providing more technical and capacity building assistance. She laid the blame for delays in disbursement of pledged Kuwaiti aid at the GOI's feet, but plans to visit Kuwait in June to move things forward. Malik noted that the latest SIGIR report identified USD 4 billion in unallocated aid funds, and asked for further information. End Summary.

¶2. (SBU) Econoff met with DG Huda Malik of the MoPDC's International Cooperation Directorate on April 28 to solicit GOI views on donor coordination. Malik also serves as Executive Secretary of the Iraqi Strategic Review Board (ISRB), which is supposed to be the organization through which all donor assistance to Iraq is coordinated.

¶3. (SBU) Malik said that significant problems remain in the coordination of donor assistance for Iraq. She said that all donors have been lacking in their coordination efforts, but since the USG has given the most, our lack of coordination is most noticeable. She said that, of all the USG funds committed to Iraq, only a small portion are represented in the MoPDC's Donor Assistance Database (DAD), and that the data are on contracts, not projects. She said that she was very surprised to learn about some of the things we had funded when she read the latest SIGIR report. She found a mention in the latest SIGIR report of USD 4 billion in unallocated assistance funds and asked us for further information. She specifically asked how the GOI can have input or at least a dialogue about how this money can be utilized. (Note: She did not have the report to which she was referring on hand, but she may be referencing the USD 3.9 billion in "Unobligated Major U.S. FuN=y>UQ5 over the past year. She asked that we help facilitate better coordination with USAID as it increasingly becomes the main conduit for USG aid. (Note: The USAID Tatweer project has been working closely with the International Cooperation Directorate for more than a year to strengthen its capacity to manage donor coordination. USAID welcomes the Directorate's increased interest in assistance coordination and will also encourage other donors to coordinate more closely with the Directorate. End Note.)

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¶8. (SBU) Finally, Malik shared some thoughts on the GOI's

inability to fully absorb the assistance pledged by Kuwait over the past few years. She laid the blame for delays squarely on the GOI, and said that it stemmed from a lack of coordination and communication of the GOI's needs with Kuwait. She said that a visit to Kuwait was planned for this month but had to be postponed because of scheduling. She hoped that the delegation, made up of herself, MoPDC Advisor Dr. Faik Abdul-Rasool, and MoPDC Deputy Minister Dr. Sami Mati Polous, would travel to Kuwait in June for talks with the Kuwait Fund. Malik's understanding of the Kuwaiti aid pledged to Iraq is as follows:

-- An initial \$60 million grant, mostly for education projects and a small amount in water projects. This money has been committed and projects are in the planning stages or ongoing.

-- A second \$60 million grant, which was reduced to \$50 million (she was unsure why), but that has not been utilized at all because of lack of communication of needs by the GOI.

-- A soft loan of \$440 million that has also not been released. She said that the GOI has previously indicated sector allocation preferences for this loan, but may need to reallocate based on updated priorities. She said that she believes there are certain conditions attached to this loan, such as the use of Kuwaiti companies in projects.

19. (SBU) Comment: Malik's understanding of the status of the Kuwait assistance package is close but does not completely match the details provided by the Kuwait Fund in reftel, further highlighting the lack of coordination on the GOI side. Malik's complaints about the lack of effective coordination on USG projects are not new. She is correct in that, while we generally have close coordination with the Iraqi entities directly involved in a specific project, we have not been active participants in the MoPDC-led coordination efforts. Her recognition that the existing mechanisms need to change and become more effective is a welcome sign; we intend to work with Malik and others on a better system that will meet GOI needs, donor requirements, and our mutual obligations under the Paris Declaration on Aid Effectiveness. The current debate over reform of the International Compact with Iraq provides a framework for this discussion. End Comment.
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